

Forecast of squash and cordials market marketing essay



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Splash is manufactured by Heartland Food Products Group under the name Go Splash. The cordial was invented to meet the vast growth in the consumption of water and liquid enhancers in the United States. There is currently no official Cordial Drinks Market in America and so consumers resort to using more powdered based water enhancers such as Kool-Aid.

Potential Benefit

Recent research by Mintel showed that 26% of cordial purchasers said they would be more keep on buying mini-versions of cordials for portability ease; this is a major opportunity for product innovation in the UK. There is currently no product like Splash on the UK market and thus would proof to become a possible success.

Typhoo is known for their tea and other hot beverages with the Typhoo Tea brand generating the greatest percentage of profit. This might be an opportunity for Typhoo to expand into different product markets as relying on only the one brand could jeopardize them in the future if sales begin to fall in the future. By diversifying into a brand new market could proof successful as not only will they have a generous market share in the Tea Market, but Typhoo could essentially become one of the market leaders within the cordial/ soft drinks market based on product innovation with Splash.

Typhoo believed that taking on a product like Splash would help them diversify their brand and product range. Much of the revenue is received through the Typhoo Tea brand and its branch products such as QT and Typhoo Decaf. By primarily relying on this product range only could be a

cause for concern and does have an element of limited reach and generation of revenue. Other problems would be that Typhoo could be incredibly vulnerable due to the reliance on their tea sales only.

In addition to this, Typhoo's loyal customers are of the starting age of 44 and over meaning that they are missing out a vast audience with regards to a younger target market. Research has shown that many younger people are consuming more coffee and soft drinks due to large turn-over of innovation such as a variety of flavours and portability, i. e. Starbucks releasing its own coffee grains to consumers and various individual flavours in supermarkets.

Cordial Market

Market Size

Sales values for both squash and cordials between 2010 and 2011 was a steady 3.7% increase valued at £749 million (BDSA, 2012 <http://www.britishsoftdrinks.com/PDF/UK%20soft%20drinks%20report%202012.pdf>)

This was affected by the newly introduced double concentrates which knocked volume sales but increased value sales. The share of double concentrates has increased majorly from 15% in 2010 to 57% in 2011 yet this has caused the volume sales to decline as many consumers are paying a higher retail price for a double concentrate product rather than frequent purchasing at a lower price for a standard concentrate product. This cuts down frequency of purchase of double concentrate and may suggest that double concentrated products should be sold in smaller sized containers to encourage consumers to buy the product more frequently.

Figure - Total Volume Sales of Squash and Cordial, 2007-2017. Mintel, 2012.

Consumer Market Size

Figure - Frequency of drinking fruit squash and cordials in the last 12 months. Source: GB TGI, Kantar Media UK Ltd Q3, 2008-2012

Mintel found that consumers aged 25-35 are the largest influence when it comes to take-home cordial as opposed to drink-in cordial in pubs. Other segments that have significant effect on cordial value sales are family households and group C2s.

Double concentrated cordial has shown to be extremely popular with 52% of usage with the age group of 16-24s. A survey of approximately 25, 000 adults by GB TGI, Kantar Media UK Ltd found that there was still is large consumption of cordial in 2012 compared to 2008-2011 with 41. 3% of heavy users drinking cordial once a day or more frequently throughout the day, 34% of medium users consuming cordial 1 to 3 times a week and 24. 7% of light users drinking cordial 2 or 3 times a month or less.

With these results, it is clear to see that demand for cordial is still immensely strong. The goal would be to increase the consumption of cordials with the medium and light users. Splash could aid this as the portability attribute would make the consumption of cordial more possible as consumers could carry Splash around with them wherever they go compared to the current cordial bottles on the market that are only sold in medium to large bottles.

Customer Type- Clout Survey Results

Recent research by Clout showed that Splash would be significantly successful with customers who shop in ASDA main compared to shoppers of Tesco Main with 68% of ASDA shopper participants finding Splash appealing, 64% likeable, 61% agreeing that Splash is new and different and a high 60% would be motivated to buy it.

Figure - Research by Clout on Key Measures of likely Product Success for Splash, 2012

Figure - Purchase intention at £2. 40 per unit. Clout, 2012.

Weekly buyers were also shown to be more inclined to buy Splash on a regular basis with Energy drinkers showing a higher interest. This may be aimed more towards the Energy flavour which contains Guarama as a caffeine substitute. Guarama is shown to be of interest to consumers who expect a boost in energy; this may draw in younger consumers in further education or working professionals.

Forecast of Squash and Cordials Market

The value of the squash and cordial market is expected to grow by 15% by 2017 with the introduction of constant NPD raising the total market value to £876 million; however volume sales are predicted to fall by 18% to 373 million liters in 2017 due to the predicted constant growth of double concentrate cordials. The economic climate would also have a knock on effect to house-hold buyers as many are expected to feel the squeeze as The Office of National Statistics predicts that the UK will soon be heading into its

third recession in Q4 since the financial crisis in 2008. <http://www.ons.gov.uk/ons/rel/gva/gross-domestic-product-preliminary-estimate/q4-2012/tsd—preliminary-estimate-of-gdp-q4-2012.html>

By 2017, family households are expected to account for 27% of the UK population and with 75% of the family stage currently stating that they consume cordials frequently compared to the 67% of the no-family stage. It is also predicted that Supermarket's Own-Labels show that the constant innovating of NPD that aids households of various budgets will only strengthen; this could be in-line with the rise in price inflation due to the credit crunch and consumers not being able to afford branded cordials.

New Product Development (NPD)

NPD has been a major contribution to the growth in value within the market and so brands such as Ribena have begun to develop products which responded to the current Health trend in the UK. In February 2012, Ribena introduced Ribena Plus which contained calcium and added vitamins.

Competitor Review

The Cordial market size is vast. With big players such as Robinsons (44%), Ribena (12%) and now also Own-Branded Cordial (28%) leading the market shares.

Ribena's recent rise in value sales were due to NPD and thus contributed to the flat annual growth of 0.1% for Robinsons.

Channel Positioning for Key Brands

Recommendations

Description of Product

Splash is a highly portable and unique product which contains a concentrated form of liquid (cordial) in a variety of flavours. Each bottle contains 1. 62 FL OZ (48ml) of cordial that allows for 24 servings of 250ml.

Product Packaging

Figure - Splash Product Image, Cherry LimeadeThe product labelling will need to be re-designed if Splash were to be introduced to the market to make it more appealing and attractive. Currently, the designs are of a similar nature varying in an array of colours depending on the flavour.

The product packaging is of a portable and 'quirky' nature. The consumer simply pops the top open, turns the bottle upside down and squeezes to the preferred strength, stirring in the process. The inside opening is similar to that of a sauce bottle where the flow of liquid is controlled, thus avoiding any spills or unintended amounts of liquid coming out. This gives the consumer more control over Splash.

Nutritional Information

Each Splash bottle contains no calories, sugar or sodium; it does however contain added Vitamins B3, B6 and B12. To replace sugars, Sucralose and Acesulfame Potassium is used as a sweetener. Calcium and Iron is also found in many of the flavours.

Pricing

Initial market research by Clout has shown that consumers would be prepared to pay the price of £2. 40, participants already stated that they would expect to pay £2. 25 for Splash therefore making the price marking reasonable.

Using Splash

Splash can be used in a variety of ways in addition to it being just a water enhancer. Splash can be used to enhance the flavouring of tea, sports protein shakes, icing sugar flavouring, cocktail flavouring, alcohol beverage flavouring etc. Competitions as to have consumers use Splash could be held to keep the consumer involved with the product and help develop future product uses and ideas.

Recommendations

Target Market

As Typhoo needs to be able to diversify their product range to generate a higher revenue and profit, Splash has the ability to reach the left-out younger target market to cover all bases. Splash is a young, innovative and fun product and so a target market aged 18-30 would be ideal.

Typhoo's major customers are aged 55 and over who are loyal to the Typhoo tea brand. It is potentially harmful for Typhoo to only concentrate most of its expenditure to one brand only and relying on its success. Its main target market would be the younger audience at a starting age of 20 to 30.

Students are one of the largest groups with a high disposable income due to student finance and unnecessary payment of council tax. Students are more

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affluent and motivated to try new products. A portable product would be convenient for studying within a library and being able to carry small bottle of cordial could create more possibilities to mix their drinks with water.

Health conscious people would be attracted to the zero-calorie, zero-sugar and added Vitamins, including the wide range of flavours that they could add to water to quench thirst. Flavours such as Energy and Performance could be specifically marketed to this group; the Taurine in Energy would enhance performance for longer. Consumers would also be able to control the strength of their drink; this is not possible with energy drinks such as RedBull.

The majority of the market would be young consumers. The product would attract two specific groups; the health conscious and students.

Group:

Students

Health Conscious

Age

Location

Gender

Income

Social Grade

Marital Status

Lifestyle Stage

Occupation

20

Liverpool

Female

<£4K

In a relationship

Bachelor Stage

Student/ Waitress

30

London

Male

£30K f³ £40K

BC1

Single

Bachelor Stage

Financial Advisor

Personality:

Values

Interests/ Hobbies:

Lifestyle:

Brands:

Bubbly, hard-working, innovative

Mainstreamer, Succeeded, Reformer

Cooking, crafts, DIY, blogging, baking, knitting.

Studying photography, Member of photography and blogging society, has her own photography and crafts blog.

Cath Kidston, Emma Bridgewater, LUSH, Zara Home, Fuji Film

Social, laid back, motivated, friendly

Actualize, Achiever, Striver

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Squash, running, weights, going to bars, reading, cooking, snowboarding

Reads The Times and The Guardian, watches the Daily Politics Show.

Member of local gym.

Ralph Lauren, Nike, BOSS, Quick Silver

Size of Market

Current UK population to date stands at 63. 2 million (including Scotland, Wales, England and Northern Ireland),

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56. 1 million- England and Wales only with 4, 204, 700 females aged 20-30 and 4, 225, 200 males.- Males and Females. INCREASE TARGET MARKET??

Target Market Size- Average

Gender 20-30

Number

Males

4, 225, 200

Females

4, 204, 700

Total

8, 429, 900

% of population (56.1 million)

1. 5%

Product Demand

Due to a high increase in a more health conscious society, there is a large demand for healthier drinks with low sugar content which is reflected by 60% of the drinks market now being zero-added sugar (The Guardian, 2012). As Splash contains no sugar, no calories and has added vitamins, it would perform well in this market's demand.

How product will be promoted and delivered to market

Media section?

USP

Portable

Pocket Size

Unique Flavours

Energizers

How well you market your business can play an important role in its success or failure. It is vital to know as much about your potential customers as possible-who they are, what they want (and don't want), and expectations they may have.

Market Analysis- Target Market

What is your target market? (Who is most likely to buy your products or use your services?) What are the demographics? What is the size of your potential customer base?

Where are they? How are you going to let them know who and where you are and what you have to offer?

If you believe that you have something new, innovative or that isn't generally available: How do you know that there is a market for it-that people are willing to pay for what you have to offer?

Consider the market you are trying to reach: Is it growing, shrinking or static?

What percentage of the market do you think you will be able to reach? How will you be able to grow your market share?

Note: You might include a chart, such as the one that follows, to demonstrate key points about your market potential at-a-glance.

Market Segmentation

Is your target market segmented? Are there different levels within the same type of business, each offering a difference in quality, price, or range of products?

Is this market segmentation governed by geographic area, product lines, pricing, or other criteria?

Into which market segment will your primary business fall? What percentage of the total market is this segment? What percentage of this segment will your business reach?

Note: A pie chart is a good way to demonstrate part-to-whole relationships, such as the percentage of the target market that falls into each major segment. To change the shape of the data labels, right-click a label and then click Change Data Label Shapes.

Competition

Main competitors within the cordial market could adopt the idea therefore Splash's design must be patented within the UK.

Who else is doing what you are trying to do?

Briefly describe several of your nearest and greatest competitors. What percentage of the market does each reach? What are their strengths and weaknesses? What can you learn from the way they do business, from their pricing, advertising, and general marketing approaches? How do you expect to compete? How do you hope to do better?

What indirect competition will you face, such as from internet sales, department stores, or international imports?

How will you keep abreast of technology and changing trends that may impact your business in the future?

Pricing

How have you developed your pricing policy?

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Which of the following pricing strategies might best suit your business?

Retail cost and pricing, competitive position, pricing below competition, pricing above competition, multiple pricing, price lining, pricing based on cost-plus-markup, or other?

What are your competitors' pricing policies and how does yours compare?

Are your prices in line with industry averages?

How will you monitor prices and overhead to ensure that your business will operate at a profit?

How do you plan to stay abreast of changes in the marketplace, to ensure that your profit margins are not adversely affected by new innovations or competition?

Advertising and Promotion

How do you intend to advertise your business?

Which of the following advertising and promotion options offer you the best chances of successfully growing your business? Directory services, social networking websites, media (newspaper, magazine, television, radio), direct mail, telephone solicitation, seminars and other events, joint advertising with other companies, sales representatives, word-of-mouth, other?

How will you determine your advertising budget?

How will you track the results of your advertising and promotion efforts?

Will you advertise on a regular basis or will you be conducting seasonal campaigns?

How will your products be packaged? Have you done research to see what type of packaging will best appeal to your customers? Have you done a cost analysis of different forms of packaging?

Strategy and Implementation

Now that you have described the important elements of your business, you may want to summarize your strategy for their implementation. If your business is new, prioritize the steps you must take to open your doors for business. Describe your objectives and how you intend to reach them and in what time parameters.

Planning is one of the most overlooked but most vital parts of your business plan to ensure that you are in control (as much as possible) of events and the direction in which your business moves. What planning methods will you utilize?

Market Issues and Trends

Situation Analysis

Strengths

New Product Innovation

Wide range of flavours

Weaknesses

Food colouring and governmental regulations

Health factors

Opportunities

Threats

Competition

Leading cordial brands- Robinsons, Supermarkets Own, Vimto,

External Factors

Colouring in drinks- health factors, may need to be looked at

Future Trends